

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ROANOKE

HUNTINGTON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/04/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-23
Schedule of Payables and Receivables .....	24
Schedule of Leases and Debt .....	25
Examination Results and Comments:	
Annual Report.....	26
Bank Account Reconciliations .....	26
Old Outstanding Checks.....	26-27
Public Works Project .....	27
Fund Sources and Uses .....	27
Capital Asset Records .....	28
Utility Receipts Tax .....	28
Delinquent Wastewater Accounts.....	28-29
Exit Conference.....	30
Official Response .....	31

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	JoAnne Kirchner	01-01-08 to 12-31-15
President of the Town Council	John R. Stoeckley	01-01-10 to 12-31-10
	Troy D. Karshner	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROANOKE, HUNTINGTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Roanoke (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior period.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 20, 2012

(This page intentionally left blank.)

## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF ROANOKE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 105,939	\$ 558,821	\$ 550,754	\$ 114,006
Motor Vehicle Highway	98,994	346,198	298,284	146,908
Local Road and Street	6,085	6,375	810	11,650
First Responders	1,000	-	998	2
Law Enforcement Continuing Education	1,578	2,210	2,244	1,544
Record Perpetuation	4,371	10,660	10,038	4,993
Deferral Program	6,690	68,440	73,690	1,440
User Fee	42,924	19,016	10,464	51,476
Fire Department Building	424	-	-	424
Park Donation	6,202	1,757	4,705	3,254
Rainy Day	14,473	12,874	9,519	17,828
Levy Excess	-	1,552	-	1,552
County Court Costs	-	74,480	74,480	-
Police Donation	855	201	1,014	42
Roanoke Development Revolving	49,699	2,683	775	51,607
Tax Increment Financing	13,532	24,972	-	38,504
Cumulative Capital Improvement	2,824	4,378	1,027	6,175
Cumulative Fire Fighting	45,700	9,394	5,000	50,094
Economic Development Income Tax	68,911	64,416	121,509	11,818
Park and Recreation	10,821	40,218	32,632	18,407
Payroll	2,119	495,121	494,963	2,277
Town Court	14,994	929,339	891,939	52,394
Sanitation	6,259	64,717	66,447	4,529
Wastewater Operating	225,449	495,885	532,249	189,085
Wastewater Bond and Interest	14,001	74,364	80,125	8,240
Wastewater Debt Reserve	83,762	-	-	83,762
Water Operating	415,263	816,266	801,720	429,809
Water Bond and Interest	5,534	-	-	5,534
Water Meter Deposit	31,548	4,522	3,483	32,587
Water Debt Reserve	17,420	-	-	17,420
Totals	<u>\$ 1,297,371</u>	<u>\$ 4,128,859</u>	<u>\$ 4,068,869</u>	<u>\$ 1,357,361</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ROANOKE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 114,006	\$ 480,141	\$ 501,269	\$ 92,878
Motor Vehicle Highway	146,908	374,406	363,696	157,618
Local Road and Street	11,650	6,209	6,816	11,043
Law Enforcement Continuing Education	1,544	2,265	798	3,011
Park and Recreation	18,407	51,594	38,950	31,051
Rainy Day	17,828	-	7,388	10,440
Economic Development Income Tax	11,818	53,511	32,267	33,062
Cumulative Capital Improvement	6,175	4,293	2,592	7,876
Cumulative Fire Fighting	50,094	8,649	39,000	19,743
Tax Increment Financing	38,504	18,315	-	56,819
Park Donation	3,254	2,742	1,000	4,996
County Court Costs	-	44,376	44,376	-
User Fee	51,476	11,824	6,644	56,656
Record Perpetuation	4,993	6,318	4,579	6,732
Roanoke Development Revolving	51,607	1,564	10,000	43,171
Fire Equipment Debt	-	183,000	182,962	38
First Responders	2	-	-	2
Police Donation	42	300	177	165
Fire Department Building	424	-	-	424
Deferral Program	1,440	24,900	26,230	110
Payroll	2,277	493,092	493,185	2,184
Levy Excess	1,552	-	1,552	-
Town Court	52,394	578,704	597,673	33,425
Sanitation	4,529	66,380	64,553	6,356
Wastewater Operating	189,085	460,715	435,235	214,565
Wastewater Bond and Interest	8,240	89,436	81,675	16,001
Wastewater Debt Reserve	83,762	-	-	83,762
Water Operating	429,809	821,375	828,253	422,931
Water Bond and Interest	5,534	-	-	5,534
Water Debt Reserve	17,420	-	-	17,420
Water Meter Deposit	32,587	4,262	2,675	34,174
Totals	<u>\$ 1,357,361</u>	<u>\$ 3,788,371</u>	<u>\$ 3,773,545</u>	<u>\$ 1,372,187</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ROANOKE  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and trash.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the

TOWN OF ROANOKE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF ROANOKE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF ROANOKE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. *Risk Management***

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

(This page intentionally left blank.)

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road and Street	First Responders	Law Enforcement Continuing Education	Record Perpetuation	Deferral Program
Cash and investments - beginning	\$ 105,939	\$ 98,994	\$ 6,085	\$ 1,000	\$ 1,578	\$ 4,371	\$ 6,690
Receipts:							
Taxes	164,740	267,859	-	-	-	-	-
Licenses and permits	20	-	-	-	770	-	-
Intergovernmental	200,295	76,660	6,375	-	-	-	-
Charges for services	25,400	-	-	-	50	10,660	-
Fines and forfeits	152,101	-	-	-	1,390	-	68,440
Utility fees	-	-	-	-	-	-	-
Other receipts	16,265	1,679	-	-	-	-	-
Total receipts	<u>558,821</u>	<u>346,198</u>	<u>6,375</u>	<u>-</u>	<u>2,210</u>	<u>10,660</u>	<u>68,440</u>
Disbursements:							
Personal services	358,594	73,527	-	-	-	-	-
Supplies	65,808	49,394	-	-	-	10,038	-
Other services and charges	118,183	175,363	810	-	2,244	-	73,690
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,169	-	-	998	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>550,754</u>	<u>298,284</u>	<u>810</u>	<u>998</u>	<u>2,244</u>	<u>10,038</u>	<u>73,690</u>
Excess (deficiency) of receipts over disbursements	<u>8,067</u>	<u>47,914</u>	<u>5,565</u>	<u>(998)</u>	<u>(34)</u>	<u>622</u>	<u>(5,250)</u>
Cash and investments - ending	<u>\$ 114,006</u>	<u>\$ 146,908</u>	<u>\$ 11,650</u>	<u>\$ 2</u>	<u>\$ 1,544</u>	<u>\$ 4,993</u>	<u>\$ 1,440</u>

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	User Fee	Fire Department Building	Park Donation	Rainy Day	Levy Excess	County Court Costs
Cash and investments - beginning	\$ 42,924	\$ 424	\$ 6,202	\$ 14,473	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	12,874	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	19,016	-	-	-	-	74,480
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,757	-	1,552	-
Total receipts	<u>19,016</u>	<u>-</u>	<u>1,757</u>	<u>12,874</u>	<u>1,552</u>	<u>74,480</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	10,464	-	-	-	-	74,480
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	4,705	9,519	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>10,464</u>	<u>-</u>	<u>4,705</u>	<u>9,519</u>	<u>-</u>	<u>74,480</u>
Excess (deficiency) of receipts over disbursements	<u>8,552</u>	<u>-</u>	<u>(2,948)</u>	<u>3,355</u>	<u>1,552</u>	<u>-</u>
Cash and investments - ending	<u>\$ 51,476</u>	<u>\$ 424</u>	<u>\$ 3,254</u>	<u>\$ 17,828</u>	<u>\$ 1,552</u>	<u>\$ -</u>

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Police Donation	Roanoke Development Revolving	Tax Increment Financing	Cumulative Capital Improvement	Cumulative Fire Fighting	Economic Development Income Tax
Cash and investments - beginning	\$ 855	\$ 49,699	\$ 13,532	\$ 2,824	\$ 45,700	\$ 68,911
Receipts:						
Taxes	-	2,307	24,972	-	8,067	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	4,378	1,140	64,416
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	201	376	-	-	187	-
Total receipts	<u>201</u>	<u>2,683</u>	<u>24,972</u>	<u>4,378</u>	<u>9,394</u>	<u>64,416</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,014	775	-	1,027	5,000	121,509
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,014</u>	<u>775</u>	<u>-</u>	<u>1,027</u>	<u>5,000</u>	<u>121,509</u>
Excess (deficiency) of receipts over disbursements	<u>(813)</u>	<u>1,908</u>	<u>24,972</u>	<u>3,351</u>	<u>4,394</u>	<u>(57,093)</u>
Cash and investments - ending	<u>\$ 42</u>	<u>\$ 51,607</u>	<u>\$ 38,504</u>	<u>\$ 6,175</u>	<u>\$ 50,094</u>	<u>\$ 11,818</u>

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Park and Recreation	Payroll	Town Court	Sanitation	Wastewater Operating	Wastewater Bond and Interest
Cash and investments - beginning	\$ 10,821	\$ 2,119	\$ 14,994	\$ 6,259	\$ 225,449	\$ 14,001
Receipts:						
Taxes	33,835	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,780	-	-	-	-	-
Charges for services	415	-	-	-	-	-
Fines and forfeits	-	-	929,339	-	-	-
Utility fees	-	-	-	64,708	436,476	-
Other receipts	1,188	495,121	-	9	59,409	74,364
Total receipts	<u>40,218</u>	<u>495,121</u>	<u>929,339</u>	<u>64,717</u>	<u>495,885</u>	<u>74,364</u>
Disbursements:						
Personal services	6,462	-	-	-	-	-
Supplies	3,524	-	-	-	-	-
Other services and charges	21,618	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	80,125
Capital outlay	1,028	-	-	-	161,702	-
Utility operating expenses	-	-	-	66,447	282,426	-
Other disbursements	-	494,963	891,939	-	88,121	-
Total disbursements	<u>32,632</u>	<u>494,963</u>	<u>891,939</u>	<u>66,447</u>	<u>532,249</u>	<u>80,125</u>
Excess (deficiency) of receipts over disbursements	<u>7,586</u>	<u>158</u>	<u>37,400</u>	<u>(1,730)</u>	<u>(36,364)</u>	<u>(5,761)</u>
Cash and investments - ending	<u>\$ 18,407</u>	<u>\$ 2,277</u>	<u>\$ 52,394</u>	<u>\$ 4,529</u>	<u>\$ 189,085</u>	<u>\$ 8,240</u>

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Wastewater Debt Reserve	Water Operating	Water Bond and Interest	Water Meter Deposit	Water Debt Reserve	Totals
Cash and investments - beginning	\$ 83,762	\$ 415,263	\$ 5,534	\$ 31,548	\$ 17,420	\$ 1,297,371
Receipts:						
Taxes	-	-	-	-	-	501,780
Licenses and permits	-	-	-	-	-	790
Intergovernmental	-	-	-	-	-	370,918
Charges for services	-	-	-	-	-	36,525
Fines and forfeits	-	-	-	-	-	1,244,766
Utility fees	-	811,309	-	-	-	1,312,493
Other receipts	-	4,957	-	4,522	-	661,587
Total receipts	-	816,266	-	4,522	-	4,128,859
Disbursements:						
Personal services	-	-	-	-	-	438,583
Supplies	-	-	-	-	-	128,764
Other services and charges	-	-	-	-	-	476,852
Debt service - principal and interest	-	-	-	-	-	80,125
Capital outlay	-	92,765	-	-	-	408,211
Utility operating expenses	-	181,279	-	3,483	-	533,635
Other disbursements	-	527,676	-	-	-	2,002,699
Total disbursements	-	801,720	-	3,483	-	4,068,869
Excess (deficiency) of receipts over disbursements	-	14,546	-	1,039	-	59,990
Cash and investments - ending	\$ 83,762	\$ 429,809	\$ 5,534	\$ 32,587	\$ 17,420	\$ 1,357,361

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Park and Recreation	Rainy Day	Economic Development Income Tax
Cash and investments - beginning	\$ 114,006	\$ 146,908	\$ 11,650	\$ 1,544	\$ 18,407	\$ 17,828	\$ 11,818
Receipts:							
Taxes	151,088	290,099	-	-	43,901	-	-
Licenses and permits	4,976	-	-	1,130	-	-	-
Intergovernmental	180,000	83,644	6,209	-	7,300	-	53,511
Charges for services	25,400	-	-	-	270	-	-
Fines and forfeits	95,474	-	-	1,074	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	23,203	663	-	61	123	-	-
Total receipts	<u>480,141</u>	<u>374,406</u>	<u>6,209</u>	<u>2,265</u>	<u>51,594</u>	<u>-</u>	<u>53,511</u>
Disbursements:							
Personal services	344,096	77,564	-	-	6,376	-	-
Supplies	68,696	62,531	-	-	7,819	-	-
Other services and charges	75,493	160,360	6,816	798	21,855	7,388	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,984	63,241	-	-	2,900	-	32,267
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>501,269</u>	<u>363,696</u>	<u>6,816</u>	<u>798</u>	<u>38,950</u>	<u>7,388</u>	<u>32,267</u>
Excess (deficiency) of receipts over disbursements	<u>(21,128)</u>	<u>10,710</u>	<u>(607)</u>	<u>1,467</u>	<u>12,644</u>	<u>(7,388)</u>	<u>21,244</u>
Cash and investments - ending	<u>\$ 92,878</u>	<u>\$ 157,618</u>	<u>\$ 11,043</u>	<u>\$ 3,011</u>	<u>\$ 31,051</u>	<u>\$ 10,440</u>	<u>\$ 33,062</u>

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Cumulative Capital Improvement	Cumulative Fire Fighting	Tax Increment Financing	Park Donation	County Court Costs	User Fee	Record Perpetuation
Cash and investments - beginning	\$ 6,175	\$ 50,094	\$ 38,504	\$ 3,254	\$ -	\$ 51,476	\$ 4,993
Receipts:							
Taxes	-	7,310	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,293	1,216	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	44,376	11,824	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	123	18,315	2,742	-	-	6,318
Total receipts	<u>4,293</u>	<u>8,649</u>	<u>18,315</u>	<u>2,742</u>	<u>44,376</u>	<u>11,824</u>	<u>6,318</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	2,592	39,000	-	-	44,376	6,644	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,000	-	-	4,579
Total disbursements	<u>2,592</u>	<u>39,000</u>	<u>-</u>	<u>1,000</u>	<u>44,376</u>	<u>6,644</u>	<u>4,579</u>
Excess (deficiency) of receipts over disbursements	<u>1,701</u>	<u>(30,351)</u>	<u>18,315</u>	<u>1,742</u>	<u>-</u>	<u>5,180</u>	<u>1,739</u>
Cash and investments - ending	<u>\$ 7,876</u>	<u>\$ 19,743</u>	<u>\$ 56,819</u>	<u>\$ 4,996</u>	<u>\$ -</u>	<u>\$ 56,656</u>	<u>\$ 6,732</u>

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Roanoke Development Revolving	Fire Equipment Debt	First Responders	Police Donation	Fire Department Building	Deferral Program
Cash and investments - beginning	\$ 51,607	\$ -	\$ 2	\$ 42	\$ 424	\$ 1,440
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	24,900
Utility fees	-	-	-	-	-	-
Other receipts	1,564	183,000	-	300	-	-
Total receipts	1,564	183,000	-	300	-	24,900
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	26,230
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	10,000	182,962	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	177	-	-
Total disbursements	10,000	182,962	-	177	-	26,230
Excess (deficiency) of receipts over disbursements	(8,436)	38	-	123	-	(1,330)
Cash and investments - ending	\$ 43,171	\$ 38	\$ 2	\$ 165	\$ 424	\$ 110

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Payroll	Levy Excess	Town Court	Sanitation	Wastewater Operating	Wastewater Bond and Interest
Cash and investments - beginning	\$ 2,277	\$ 1,552	\$ 52,394	\$ 4,529	\$ 189,085	\$ 8,240
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	66,376	-	-
Fines and forfeits	-	-	578,704	-	-	-
Utility fees	-	-	-	-	460,085	-
Other receipts	493,092	-	-	4	630	89,436
Total receipts	493,092	-	578,704	66,380	460,715	89,436
Disbursements:						
Personal services	40,838	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	81,675
Capital outlay	-	-	-	-	132,140	-
Utility operating expenses	-	-	-	-	204,475	-
Other disbursements	452,347	1,552	597,673	64,553	98,620	-
Total disbursements	493,185	1,552	597,673	64,553	435,235	81,675
Excess (deficiency) of receipts over disbursements	(93)	(1,552)	(18,969)	1,827	25,480	7,761
Cash and investments - ending	\$ 2,184	\$ -	\$ 33,425	\$ 6,356	\$ 214,565	\$ 16,001

TOWN OF ROANOKE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Debt Reserve	Water Operating	Water Bond and Interest	Water Debt Reserve	Water Meter Deposit	Totals
Cash and investments - beginning	\$ 83,762	\$ 429,809	\$ 5,534	\$ 17,420	\$ 32,587	\$ 1,357,361
Receipts:						
Taxes	-	-	-	-	-	492,398
Licenses and permits	-	-	-	-	-	6,106
Intergovernmental	-	-	-	-	-	336,173
Charges for services	-	-	-	-	-	92,046
Fines and forfeits	-	-	-	-	-	756,352
Utility fees	-	795,398	-	-	4,250	1,259,733
Other receipts	-	25,977	-	-	12	845,563
Total receipts	-	821,375	-	-	4,262	3,788,371
Disbursements:						
Personal services	-	-	-	-	-	468,874
Supplies	-	-	-	-	-	139,046
Other services and charges	-	-	-	-	-	391,552
Debt service - principal and interest	-	-	-	-	-	81,675
Capital outlay	-	47,605	-	-	-	484,099
Utility operating expenses	-	241,614	-	-	-	446,089
Other disbursements	-	539,034	-	-	2,675	1,762,210
Total disbursements	-	828,253	-	-	2,675	3,773,545
Excess (deficiency) of receipts over disbursements	-	(6,878)	-	-	1,587	14,826
Cash and investments - ending	\$ 83,762	\$ 422,931	\$ 5,534	\$ 17,420	\$ 34,174	\$ 1,372,187

TOWN OF ROANOKE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 19,243	\$ -
Trash	5,352	5,342
Wastewater	11,742	37,166
Water	17,765	24,495
Totals	\$ 54,102	\$ 67,003

TOWN OF ROANOKE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental:				
Ford Motor Credit Company	Police Vehicle	\$ 9,327	03-26-10	09-26-12
DeLage Landen Public Finance LLC	Street Vacuum Trailer	<u>12,000</u>	09-12-11	09-12-13
Total of annual lease payments		<u>\$ 21,327</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental:			
Loan	2012 International Fire Truck	\$ 183,050	\$ 36,251
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 1995 / WWTP	<u>225,000</u>	<u>82,937</u>
Totals		<u>\$ 408,050</u>	<u>\$ 119,188</u>

TOWN OF ROANOKE  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL REPORT**

The 2010 and 2011 Annual Reports filed by the Town did not contain the financial transactions of the Town Court. In addition, the required supplementary schedules (Schedule of Receivables and Payables and Schedule of Leases and Debt) contained incorrect information. The financial statements and required supplementary schedules have been corrected as presented in this report.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were inaccurate and incomplete during the examination period. At December 31, 2011, the record balances exceeded the adjusted bank balances by \$6,188.58. A similar comment appeared in prior Report B37972.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**OLD OUTSTANDING CHECKS**

As of December 31, 2011, there were checks outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

TOWN OF ROANOKE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

***PUBLIC WORKS PROJECT***

On June 1, 2010, The Town Council awarded a \$416,945 public works project for the Posey Hill Sewer Project. Total payments made to the contractor were \$514,212. Change orders of \$97,267 were presented and approved by the Town Council. The change orders totaled 23 percent more than the original contract.

Indiana Code 36-1-12-18(d) states:

"The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project."

***FUND SOURCES AND USES***

County tax distributions for Local Option Income Tax (LOIT) - Public Safety were incorrectly receipted to the General Fund.

Indiana Code 6-3.5-1.1 allows for the adoption of local option income taxes to offset the effects of the circuit breaker caps. A LOIT tax of up to .25% may be adopted for public safety costs. IC 6-3.5-1.1-25 states that tax revenue distributed to a city or town must be deposited in a separate account or fund and may be appropriated by a city or town only for public safety costs. Those cities and towns that deposit such distribution in a separate fund would deposit the money into Fund No. 249, LOIT - Public Safety. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2008)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROANOKE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**CAPITAL ASSET RECORDS**

Capital asset records of the Town and Utilities were incomplete. The only capital asset record maintained was an inventory listing of equipment on hand at year end that was maintained by each department. Some inventory listings did not include the cost of the asset. A similar comment appeared in prior Report B37972.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**UTILITY RECEIPTS TAX**

The annual tax return (Form URT) was not prepared and filed with the Indiana Department of Revenue for the years 2010 and 2011. A similar comment appeared in prior Report B37972.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**DELINQUENT WASTEWATER ACCOUNTS**

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment appeared in prior Report B37972.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
  - (B) A description of the premises, as shown by the records of the county auditor.
  - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

TOWN OF ROANOKE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF ROANOKE  
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2012, with Joanne Kirchner, Clerk-Treasurer, and Troy D. Karshner, President of the Town Council. The Official Response has been made a part of this report and may be found on page 31.

November 20, 2012

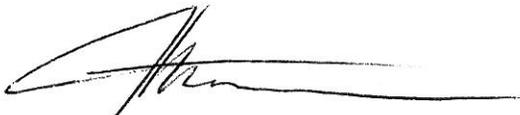
Regarding Examination Results & Comments January 1, 2010 to December 31, 2011:

Public Works Project:

I do not understand how it is the Clerk/Treasurer's burden to keep public works change orders at 20% and under. This seems to me to be the function of the project engineer, the Town Superintendent and the Town Council. Although verbal cost over-run warnings may be given in advance of final payment by the Clerk/Treasurer, I do not vote on change orders. Does the Town just not finish paving the street? I would be interested in seeing in writing where this issue is the duty/responsibility of the Clerk/Treasurer, thus being included.

Delinquent Wastewater Accounts:

Due to the small number and dollar value of the Town's delinquent accounts the Town Council approved many years ago the forwarding of those accounts to the Town Attorney for collection should my office not be successful in obtaining that revenue due. Any attorney/court fees are charged back to the utility customer so the Town does not incur any costs with this system. The auditor asked me if the system was working well for my office and I replied that it was, therefore I am very surprised to see this issue as a comment on this report.



JoAnne Kirchner, Clerk/Treasurer

Town of Roanoke, Indiana